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RHMFISS/COMSOCEUR VAIHINGEN GE PRIORITY  
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SIPDIS

STATE FOR NEA, NEA/IPA, NEA/PPD

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NSC FOR NEA STAFF

SECDEF WASHDC FOR USDP/ASD-PA/ASD-ISA  
HQ USAF FOR XXXX  
DA WASHDC FOR SASA  
JOINT STAFF WASHDC FOR PA  
CDR USCENTCOM MACDILL AFB FL FOR POLAD/USIA ADVISOR  
COMSOCEUR VAIHINGEN GE FOR PAO/POLAD  
COMSIXTHFLT FOR 019

JERUSALEM ALSO ICD  
LONDON ALSO FOR HKANONA AND POL  
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SUBJECT: ISRAEL MEDIA REACTION

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SUBJECTS COVERED IN THIS REPORT:  
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Mideast

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Key stories in the media:  
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Ha'aretz reported that Israeli and Palestinian leaders are embroiled in a bitter dispute over what topics should be on the agenda of next week's trilateral summit. The summit, involving PM Ehud Olmert, PA

Chairman [President] Mahmoud Abbas, and Secretary of State Condoleezza Rice, is scheduled to take place in Jerusalem on Monday. The newspaper said that, despite the dispute, Secretary Rice is insisting on holding the meeting to demonstrate progress in Israeli-Palestinian relations. However, Ha'aretz quoted GOI sources as saying that Olmert is refusing to discuss three major elements of any final-status agreement -- Palestinian refugees, the status of Jerusalem and an Israeli withdrawal to the pre-1967 armistice lines -- because he believes that raising any of these issues would doom the talks to failure. Ha'aretz quoted one source as saying: "There is no doubt that Abu Mazen [Abbas] will have to make compromises on these issues, given Israel's positions, and it is not clear that he can get them past the Palestinian street." Ha'aretz quoted a GOI source as saying that, because of the difficulties that discussing final-status issues would create, the "artificial definition selected for these talks is a 'political horizon.' We are no longer sitting and forming committees on the refugees and Jerusalem."

Major media (lead story in Yediot) reported that, because of Iran's threats, Israel is accelerating the development of the Arrow missile. Yediot reported that today a delegation from Israel Aircraft Industries and the security establishment is to leave for the US to present the results of the test on Sunday before the American missile defense administration. Yitzhak Nissan, the director general of Israel Aircraft Industries, will meet in the coming number of days with Boeing officials to discuss increased cooperation on the Arrow project. Currently, Boeing manufactures parts of the missile, but the final assembly is carried out in Israel. Media reported that Likud MK Yuval Steinitz, former chairman of the Knesset's Foreign Affairs and Defense Committee, told AP that the Arrow's success keeps Israel one step ahead of Iran and Syria.

Israel Radio cited a Financial Times story quoting an internal European Union document -- compiled by the staff of EU foreign policy chief Javier Solana -- as saying that Iran will be able to develop enough weapons-grade material for a nuclear bomb and there is little that can be done to prevent it. Yediot and Israel Radio quoted President Bush as saying on Monday, in an interview with C-SPAN-TV, that a military action against Iran would be an action of last resort. Maariv cited an Israeli intelligence report as saying that the Iranian leadership is split over the development of Iran's nuclear program, which might now be frozen. Maariv said that the most important information in the report is the fact that the spiritual leader of Iran, Ayatollah Ali Khamenei, no longer supports the position and approach espoused by Iranian President Mahmoud Ahmadinejad -- as he is fearful of a lethal blow that Iran is liable to be dealt in the form of international sanctions. Furthermore, the spiritual leader, according to the report, has recently voiced his concerns about an American military strike on Iran's nuclear installations.

Major media reported that the EU foreign ministers, who met in Brussels on Monday, announced that they would not work with a Palestinian government that does not recognize Israel. Ha'aretz and Israel Radio quoted German Defense Minister Frank-Walter Steinmeier as saying on Monday that the non-recognition of Israel, as expressed in the Mecca agreement, is unacceptable.

Hatzofe and Yediot quoted Dr. Muhammad Shihab, a Hamas leader, as saying on Monday that Egypt has proposed that Israel release 1,429 Palestinian prisoners in exchange for the freedom of captured IDF soldier Gilad Shalit. Leading media reported that on Monday Likud MK Limor Livnat announced that she was introducing a bill proposal that would require a majority 80 Knesset members to approve pardons for "terrorist murderers." Twenty-four MKs have already signed the proposal.

Yediot cited intelligence reports that have reached Jerusalem that Hizbullah is now capable of launching around Katyusha rockets against Israel for four months. Yediot quoted the Kuwaiti daily Al-Rai Al-Aam as saying that Sa'ad bin Ladin, a son of Osama bin Ladin, has recently arrived in the Palestinian refugee camp of Ain Al-Hilweh in southern Lebanon. This morning Israel Radio reported on explosions in two buses in northern Lebanon, in which at least 10 people were killed.

Ha'aretz reported that on Monday Olmert's associates criticized Jerusalem Mayor Uri Lupolianski's announcement Sunday night that

work on the Mugrabi Bridge leading to the Temple Mount would be put on hold, calling the Mayor's decision "bizarre." The aides were quoted as saying that Lupolianski had not consulted Olmert or Jerusalem Affairs Minister Jacob Edery before releasing the statement. Leading media reported that on Monday the Jerusalem police filed an indictment against Sheikh Raed Salah, the head of the northern branch of Israel's Islamic Movement, and four of his supporters on charges of attacking police officers during an illegal protest last week against the excavations near the Temple Mount.

Ha'aretz reported that starting February 1, Israelis entering the Gaza Strip have been required to present a passport or travel permit at the Erez Crossing.

The media reported on a sharp exchange of words between Olmert and Likud leader MK Binyamin Netanyahu at the Knesset's Foreign Affairs and Defense Committee on Monday, around their policies toward the Palestinians, Hamas, and the Golan Heights during their respective terms.

Maariv reported that Issa Zananiri (phon.), a Palestinian graduate of Bir Zeit University, is a member of the team planning Tel Aviv's light railway project. Maariv reported that the Jerusalem International Book Fair allegedly does not allow Samah Maher Dandis to participate in the fair. Dandis was supposed to be the first Palestinian publisher represented at the event.

Yediot and Maariv reported that the Council of Jewish Settlements in the Territories has embarked on a campaign to convince US Jews to buy houses in settlements.

Maariv reported that the Israeli electronics and armaments concern Elbit is accusing its rival, Israel Aircraft Industries, of sabotaging a USD 50-million deal involving the upgrading of Russian helicopters.

Maariv reported that Zvi Hefetz, Israel's Ambassador to the UK, recently received from the Egyptian Ambassador in London a map of the Middle East that does not mention Israel.

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Mideast:  
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Summary:  
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Senior columnist and longtime dove Yoel Marcus wrote in the independent, left-leaning Ha'aretz: "If there is anyone who needs recognition, it is not Israel but the Palestinians, who will need ours."

Shlomo Avineri, Hebrew University Professor of Political Science and former director-general of the Foreign Ministry, wrote in the conservative, independent Jerusalem Post: "The Palestinians need help to help themselves.... This cannot be done by the EU or the UN. Only a legitimate Arab regime, one with enough power and money, can do it -- and the Saudis may be the best candidate for the role."

Eytan Haber, veteran op-ed writer and assistant to the late prime minister Yitzhak Rabin, opined in the lead editorial of the mass-circulation, pluralist Yediot Aharonot: "If we have an alternative, we must wait until the proper time. What is the proper time in Jerusalem, which lives on a powder keg?.... It is tomorrow or in fifty years."

Block Quotes:  
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1I. "Who Did You Say Needs Recognition?"

Senior columnist and longtime dove Yoel Marcus wrote in the independent, left-leaning Ha'aretz (2/13): "The Mecca agreement, which has no clause recognizing Israel or on abstaining from terror, is a farce in the eyes of the US administration and Israel. The immediate response of the Prime Minister's Office was that Israel has no intention of recognizing a Palestinian unity government as

long as Hamas refuses to recognize Israel. What I can't figure out is what all this 'recognition of Israel' business is about. What kind of obsession is this, getting up every other day and demanding that our bitter enemies recognize us? The way things stand today, who needs their recognition?.... The State of Israel does not need recognition. It is already recognized as one of the wonders of the world -- by the very dint of its existence, after seven Arab countries tried to wipe it off the map, by what it has managed to create, by what it has accomplished in the span of 59 years. Israel is a political and geopolitical fact, as well as a household name. If there is anyone who needs recognition, it is not Israel but the Palestinians, who will need ours, if they ever have the brains to adopt the UN resolution passed 60 years ago and get around to establishing a state of their own."

## II. "A Saudi Protectorate For Palestine?"

Shlomo Avineri, Hebrew University Professor of Political Science and former director-general of the Foreign Ministry, wrote in the conservative, independent Jerusalem Post (2/13): "The Palestinians need help to help themselves.... This cannot be done by the EU or the UN. Only a legitimate Arab regime, one with enough power and money, can do it -- and the Saudis may be the best candidate for the role, especially as it may also fit into their own overall view of trying to stabilize the region. In other words, and without beating around the bush: The Palestinians have to come out from under Israeli occupation, but they are unable to create the infrastructure that will give their political entity the necessary stability. A Saudi protectorate could be the way out of this conundrum, and the notion should be seriously addressed by all concerned. If the UN is now considering independence for Kosovo under a UN guiding hand, why not something similar, under Saudi protection, for the Palestinians?"

## III. "One Bridge Too Far"

Eytan Haber, veteran op-ed writer and assistant to the late prime minister Yitzhak Rabin, opined in the lead editorial of the mass-circulation, pluralist Yediot Aharonot (2/13): "We should have no illusions: The latest battle for the 'Mugrabi Ascent' is not over a bridge or archaeological digs. The war is over Israeli sovereignty in the most sacred place to Jews -- and one the holiest ones to the Muslims.... There is a lot of truth in the claim that that this is a religious war that will not end in the foreseeable future. Truly, every time disturbances occur in Jerusalem, the allegations are almost always against Israel.... What to do, the world id not enthused about seeing us as liberators, as we would like. So, what to do now? If there is a choice -- and this is about human lives ... we have to build and reconstruct. But if we have an alternative, we must wait until the proper time. What is the proper time in Jerusalem, which lives on a powder keg?.... It is tomorrow or in fifty years. We waited for thousands of years; we shall wait for the proper moment, and only then shall we wage war."

JONES